

## DISCUSSION ITEMS

Agenda Item # 3

### AGENDA REPORT SUMMARY

**Meeting Date:** September 24, 2019

**Subject:** Capital Improvement Plan Prioritization

**Prepared by:** Jim Sandoval, Engineering Services Director

**Reviewed by:** Sharif Etman, Administrative Services Director

**Approved by:** Chris Jordan, City Manager

**Attachment(s):**

1. 2016 Pavement Management System Update  
[https://www.losaltosca.gov/sites/default/files/fileattachments/public\\_works/page/39101/mtc\\_p-tap\\_round\\_16\\_pavement\\_management\\_system\\_update.pdf](https://www.losaltosca.gov/sites/default/files/fileattachments/public_works/page/39101/mtc_p-tap_round_16_pavement_management_system_update.pdf)
2. 2012 Los Altos Parks Plan <https://www.losaltosca.gov/parksrecommission/page/los-altos-parks-plan>

Parks Plan PDF link from website:

[https://www.losaltosca.gov/sites/default/files/fileattachments/parks\\_and\\_recreation\\_commission/page/30331/final\\_los\\_altos\\_parks\\_plan.pdf](https://www.losaltosca.gov/sites/default/files/fileattachments/parks_and_recreation_commission/page/30331/final_los_altos_parks_plan.pdf)

**Initiated by:**

Staff

**Previous Council Consideration:**

1. Los Altos Parks Plan – May 8, 2012
2. Update on the City's Pavement Management Program – June 14, 2016
3. Five-Year Facilities Maintenance/Improvement Plan – February 27, 2018
4. Professional Services Agreement: Police Station EOC and restrooms, and HVAC upgrades - September 25, 2018
5. City Council 2019 Strategic Priorities - April 23, 2019
6. Contract Award: Los Altos Community Center, Project CF-01002 - July 30, 2019

**Fiscal Impact:**

A high-level fiscal impact discussion will be presented at the City Council Meeting. A general summary of the available funding is discussed below in the Discussion/Analysis section.

**Environmental Review:**

Not applicable

**Policy Question(s) for Council Consideration:**

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City Manager

CJ

**Reviewed By:**

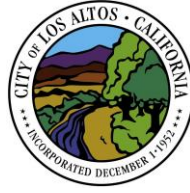
City Attorney

CD

Finance Director

SE

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- How does the Council want to prioritize the City's major infrastructure projects over the next 10 years?

**Summary:**

- During the City Council meeting, staff is providing a forum for the Council to agree upon a priority-based infrastructure improvements list that will enable staff to develop or refine the cost estimates, budget impacts, and schedules; then bring additional details back to the Council at a later date so the priority list can be refined and approved by Council.

**Staff Recommendation:**

That the City Council direct staff to develop a priority-based infrastructure improvements list that will enable staff to develop or refine the cost estimates, budget impacts, and schedules.

**Purpose**

Staff have studied and reviewed the City of Los Altos' infrastructure needs and are seeking City Council input on a proposed action plan that prioritizes major infrastructure projects and summarizes an implementation schedule over the next 10 years.

**Background**

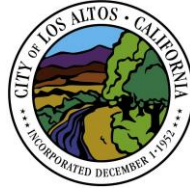
At its April 23, 2019 meeting, the City Council identified seven priorities, including the Community Center, Traffic Safety and City Assets. The City is making progress on these priorities.

1. The construction contract for the Community Center was approved by Council on July 30, 2019 and the contractor mobilized September 3<sup>rd</sup>, with an estimated completion date of December 2020.
2. Traffic safety is an ongoing priority, with nearly \$10 million budgeted in the Five-year Capital Improvement Plan—i.e., 10% of the CIP budget.
3. On September 25, 2018, the Council directed staff to award a design contract for the Police EOC/HVAC Upgrades project. Design for this project is 50 percent complete and construction bids will be solicited in 2020.

Looking forward, more work is needed to improve key City assets. Over the past decade, several studies have been completed that have analyzed the condition of the City's existing infrastructure and facilities assets, as well as gaps in assets, including:

- 2016 Pavement Management System (PMS) Update
- 2016 Facilities Condition Assessment (FCA)
- 2012 Los Altos Parks Plan (LAPP)

The 2016 PMS Update estimated that \$2.9-million/year in pavement improvements were required to increase the City's Pavement Condition Index (PCI) from a score of 71 to 76 by 2020 (one point above the Council's goal of 75 by 2026). At the time, the City Council decided to budget \$1.4 million in 2016/17 for pavement improvements and \$1.65-million was budgeted in 2017/18 and 2018/19.



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Beginning with FY 2020 and over the next five years, the City has budgeted \$1.9-million/year for pavement improvements in an effort to reach the stated goal by 2026. The City is currently updating the PMS and should have an updated score and cost projections for various PCI milestones by Winter 2020.

The 2016 FCA identified major improvements needed for the following facilities:

- Hillview Community Center
- Police Station
  - Emergency Operations Center (EOC) and restrooms, and the heating, ventilation, and air conditioning (HVAC) upgrades
  - Building maintenance and ADA improvements
- Los Altos Youth Center
- City Hall Facilities
- Garden House

The FCA also identified longer range facility improvements to the Halsey House, Maintenance Service Center (MSC), San Antonio Club, History House, History Museum, and the Blach & Egan Gymnasiums.

The 2012 LAPP identified two major needs: 1) infrastructure upgrades needed at each of the City's parks (not including new needs that have arisen since 2012, such as the Grant Park senior center HVAC), and 2) Los Altos' poor park acreage per capita (i.e., 1.57 acres/1,000 residents) compared to a number of neighboring and nearby cities and the national average<sup>1</sup>.

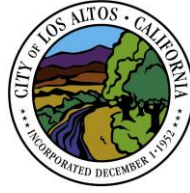
## **Discussion/Analysis**

The purpose of the City Council discussion item herein is to receive City Council input on a proposed action plan that prioritizes major infrastructure projects and summarizes an implementation schedule over the next 10 years. Based on the above studies and other analyses, input received from the public, and staff's day to day experience, staff recommends the following projects be prioritized in the order below over the next 10 years, with Projects 1-5 being the top priorities.

1. Annual pavement improvements to meet a PCI of 75 by 2026
2. Police Department renovation
3. Los Altos Youth Center improvement
4. Council Chambers improvements
5. City Hall renovation
6. Grant Park Community Center

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<sup>1</sup> San Carlos, Campbell, Burlingame, Cupertino, Mountain View, Palo Alto, Saratoga, and Menlo Park ranged from 5.03 to 1.69 acres/1,000 residents, respectively. The nationwide average for cities and counties is 10.1 acres/1,000 residents (<https://www.nrpa.org/publications-research/research-papers/agency-performance-review/> ).



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7. Parks renovations
8. Halsey House redevelopment
9. Garden House renovations
10. Public pool study

The LACC and the Police EOC/HVAC projects are not included in this priority list because they have already been authorized by the City Council for construction and design, respectively. And although a new library is a priority project, it is not included in this discussion since funding would be largely provided by non-City sources.

The City's current 10-year model and projections forecast that the City can fund all currently budgeted CIP projects, including the Community Center, and retain an estimated \$6-10 million in General Fund dollars. Certain assumptions are included in the General Fund model. These assumptions include increased revenue from property tax growth, and the recent TOT (Transient Occupancy Tax Increase) increase from 11 to 14 percent over the coming years. On the expense side, increased unfunded liability payments, a placeholder for a possible recession, and \$10-million for loan payments are included.

Park-in-lieu revenue over the next 10 years is not included in the forecast. However, increases in park-in-lieu revenue could have a direct impact (relief) on the General Fund. Park-in-lieu revenue from currently proposed development projects is projected to be between \$10-17 million over the next 10 years.

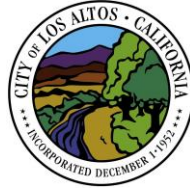
During the City Council meeting, staff will provide a forum for the City Council to prioritize the above projects in the order they prefer and/or amend the content on the list. The purpose of this session is to develop a priority-based infrastructure improvements list that will enable staff to develop or refine the cost estimates, budget impacts, and schedules; then bring additional details back to the Council at a future date so the priority list can be refined and approved by Council.

### **Options**

- 1) Option #1: Direct staff to prioritize the City's major infrastructure projects in the order recommended by staff and develop an implementation plan that includes cost estimates, budget impacts, and funding timelines.

**Advantages:** Staff can hit the ground running on implementation by easily building upon the foundation laid from previous studies and public input.

**Disadvantages:** The current City Council's priorities may differ from staff's recommendation.



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- 2) Option #2: The City Council would amend the infrastructure priorities recommended by staff and direct staff to develop a corresponding implementation plan that includes cost estimates, budget impacts, and funding timelines.

**Advantages:** Staff would have a clear understanding of the current City Council's infrastructure priorities and could immediately implement a course correction.

**Disadvantages:** Some of the groundwork laid on studying or implementing the recommended infrastructure projects may have to be amended or mothballed.

**Recommendation**

The staff recommends that the City Council direct staff to implement either Option 1 or 2.